

MINUTES

RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY BOARD OF DIRECTORS' MEETING

April 30, 2009

The 291st meeting of the Rhode Island Higher Education Assistance Authority was held Thursday, April 30, 2009 in the McKenna Conference Room of the Authority, 560 Jefferson Boulevard, Warwick, Rhode Island. Chairman McKenna called the meeting to order at 11:15 a.m.

Board Members in Attendance:

Dr. Robert J. McKenna, Chairman

Dr. Anthony J. Santoro, Vice Chairman

Dr. William Croasdale, Treasurer

Mr. Xay Khamsyvoravong, official designate representative for General Treasurer Caprio

Ms. Patricia Doyle

Mr. Solomon A. Solomon

Board Members Absent:

Mr. John Howell, Secretary

Dr. Brenda Dann-Messier

Mr. J. Michael Costello

Also Attending:

Mr. William H. Hurry, Jr., Executive Director, RIHEAA
Ms. Gail Mance-Rios, Deputy Director, RIHEAA
Mr. Marc Lacroix, Chief Financial Officer, RIHEAA
Mr. Peter Kerwin, Chief Program Developer, RIHEAA
Ms. Dana Peterson-Fatuda, Assistant Administrative Officer
Ms. Nancy Ann Dooley, Director
Mr. Michael Joyce, Director RIHEAA
Ms. Kathy Sisson, Program Director, WaytogoRI.org
Mr. Greg Silva, Director of Communications
Ms. Christina Faulkner, CPA
Mr. Joseph R. Palumbo, Esq., Legal Counsel, RIHEAA
Mr. Noel Simpson, RISLA
Mr. Chad Pastorius, RISLA
Mr. Charles Kelley, Executive Director, RISLA

1. Approval of the Minutes of the Board of Directors' meeting held on March 26, 2009 were unanimously approved.

2. Chairman's Report: With the conclusion of the Rhode Island Student Loan Authority (RISLA) Board meeting, with both Executive Director's in attendance, the Chairman recognized that we are facing troubled times ahead. We have a responsibility to do the very best that we can for students.

3. Executive Director's Report: Mr. Hurry reported that the Reconciliation language is included in the Federal Budget Act. This means that there may be some language that suggest that there may be an opportunity for a continuation of a newly defined FFELP Program, and some language that support State based and Non-Profit agencies. We will look to exploit any opportunity that is there, it would be wrong to conclude that we are "over the hill" or any guarantees. Chairman McKenna noted that the Pell Grant is larger than the grants we administer.

a. Mr. Hurry stated that due to the uncertainties of the recent FFELP developments, we are not recommending a continuation of the policy to pay the Default Fee; we will close that down on or about May 15, 2009.

b. House Finance Hearing, Gail Mance-Rios attended the Hearings in the Executive Director's absence, and Mr. Hurry reported that Ms. Mance-Rios did a great job.

c. The Nominating Committee – Dr. Croasdale is the Chair of the committee. Dr. Croasdale announced that Mr. Solomon and Dr. Brenda Dann-Messier will sit on the committee for the Officers of the Rhode Island Higher Education Assistant Authority's Board. The Board will hold it's elections at the June 2009 Board of Director's meeting.

d. Dr. William Croasdale announced the departure of Ms. Nancy Dooley, who will be moving on to California, working for Stanford University. Mr. Hurry stated that NancyAnn's position will be fulfilled

within RIHEAA.

4. Financial Report: Mr. Lacroix distributed his financial report. Mr. Lacroix stated that Budget vs. Actual Reports for the Loans & Scholarship and Grant Programs have nothing unusual to report. The Grant Award formula will be shared by Michael Joyce. Mr. Lacroix explained, that for the current year most of the awards have been made, we've exhausted all of the general revenue funds. 4 million of the 4.5 million allocations to Tuition Savings have been awarded; we will probably finish slightly under budget.

a. Mr. Lacroix reported that the Scholarship & Grant version sent with the Board material had an error, the correct information was distributed.

b. The Rehab Loans: Mr. Lacroix reported that the updated analyst provided by Chad Pastorius of RISLA, will be sent to Sallie Mae. RISLA will act as the Lender on behalf of RIHEAA. After discussion, Mr. Palumbo stated that the Rehab Loan Program specifically states that "it is subject to finding a lender that will buy these loans, and that is what the Federal Regulations state." Mr. Lacroix stated that we have 3 million liquid to make the Rehab Loans.

5. Investment Report: Dr. Croasdale reported that money has been deposited in the CDAR's accounts. Mr. Croasdale reported that interest rates have gone down; therefore we transferred into and purchased CDAR's at 1%.

6. Grant/Scholarship Update: Mr. Joyce reported that 2008/2009 State Grants have been updated. Mr. Joyce reported that we are under budget by 1%. Gail Mance-Rios joined Michael in a presentation regarding the Grant Formula. Ms. Mance-Rios explained how the education costs are adjusted for the Grant Program; we consider RI Schools, the actual cost to attend those schools, and the actual Tuition and Fee charges. For Out-of-State institution we cap the tuition and fee charges at the URI's cost, and we provide the standard living allowance. We are not looking at each individual school. Board Members, Mr. John Howell and Dr. Brenda Dann-Messier have reviewed the information and are in support of these efforts. Mr. Joyce stated that the analyst started with the Governor's proposed budget numbers and presumed the exact same formula and adjusts per maximum ceiling of the State Grant. He stated that he presumed we would be using a maximum award of \$1,100. At that figure, we showed we were 50% over the Governor's proposed budget. The number of eligible applicants increased by 22% this year, nationwide FAFSA's are showing 20%. The biggest jump was among independent students (over the age of 24) with the adjusted gross income below \$30,000. Mr. Joyce reran the numbers to indicate a maximum award of \$900, and at that, we were over 26% budget at 3.2 million. Finally, the last analyst concluded that at \$750, which was the maximum State Grant about five years ago, he discovered that we would be 8% over budget at \$926,000. Mr. Joyce is currently working on the "need" figure to ensure \$1,000 award. Mr. Joyce will prepare communication within the award letter to include language stating

“subject to change, due to budget/funding”.

a. Motion to approve 2009/2010 State Grant Award Formula was made by Chairman McKenna, seconded by Mr. Solomon A. Solomon

Voted in Favor: Dr. Robert J. McKenna, Dr. Anthony J.Santoro, Dr. William Croasdale, Mr. Xay Khamsyvoravong, official designate representative for General Treasurer Caprio, Ms. Patricia Doyle and Mr. Solomon A. Solomon.

Voted against: None

7. Loan Program Update: Ms. Dooley reported that the consolidations are zero. The biggest change is the Grad Plus Loans, it is a stable program and the interest rates are good. As college cost go up the Program will go up.

a) At a training session, which Sallie Mae Representatives facilitated, we had 46 attendees, and eight Administrators, it was very well received by our schools. The Cohort appeals have been completed, we had five schools that appealed; New England Tech, Sawyer School, Johnson & Wales, Lincoln Tech and Arthur Angelo.

b) A conference call with the Federal Department of Education, discussion ensued regarding the Cohort Default Rate. They wanted to know about the trends/challenges that we are seeing with the Cohort Default Rate. Ms. Dooley explained that the Federal

Government is adamant about not denying student loans.

8. CollegeBoundfund Update: Mr. Peter Kerwin stated that we are moving back up to the 6 million dollar mark in total assets. We are remaining strong with the Rhode Island accounts about 20,000 remaining steady and still increasing.

a. The Rhode Island Rhode Show: will feature Board Member, Dr. Dann-Messier as well as some from our education community. We are reaching out to the President's of Rhode Island College and Community College of Rhode Island to schedule a segment. Career Advisor's from the University of Rhode Island have finished taping their segments on the show.

b. Alliance Bernstein: is doing some market research so that we can move forward with fresh marketing materials.

c. College Savings Plan Network: working to improve our outreach efforts nationally, as the 529's have been in the news lately with a not so favorable commentary.

9. WaytogoRI Update: Ms. Sisson distributed an overview of the Waytogori powerpoint presentation. Ms. Sisson stated that the program is reaching all; educators, parents, students and administrators. The waytogori program is beginning to touch all areas of education, and educators love the program and tools. Dr. Croasdale wanted to know if there is any correlation between the College Planning Center and waytogori. Ms. Mance-Rios stated that training sessions are on-going, new versions of waytogo is being

modified to direct students to the College Planning Center. A Representative from RISLA stated that links from the College Planning Center can be accessed to waytogori. Both programs are complimenting each other.

a. The WaytoGoRI Advisory Board Members include: Guy Alba – from Providence School, Members of RISLA, RIDE, School Counselors, New England Tech, Dept of Higher Ed, and the Board of Admissions.

10. Action Item – see item #6

11. Communications – Mr. Hurry distributed a copy of the Federal Program Review Audit sent by the United States Department of Education. Mr. Hurry explained that the review will take place the week of June 2nd – June 5th, 2009, at RIHEAA.

There being no further business to come before the Board of Directors the meeting adjourned.

Adjournment was at 12:20 p.m.

Mr. John Howell

Secretary